

# Creating a Business Plan Outline

## I. EXECUTIVE SUMMARY

In three paragraphs, describe what concepts you'll be covering in your business plan. Use one paragraph for each section of the plan. (Use the following outline as a guide.)

## II. DESCRIPTION AND ANALYSIS OF THE BUSINESS SITUATION

### A. **Rationale and Marketing Research**

In this section, introduce the “concept” of your business. What “type” of business is it? Justify your reasons for starting the business. Using data from your market research and surveys, explain the reasons your business will be successful and will make enough money to not only repay your loan, but will make you financially stable. This may be a good place to discuss the growth taking place in our community—both in population and money—and the need for more services.

### B. **Introduction**

The first paragraph in this section should tell the investor the name of your business and what “type” of business it is.

The second paragraph describes the business. After explaining the major details of your business, here are some additional questions to answer: What goods/services will you provide? What days/hours are you open for business? If you are selling products, what kinds of products will you carry? Are you working out of your home or will you lease a location? Will you be hiring employees, and how many? What forms of payment will you accept; cash, credit/debit cards, personal checks? If the company is internet-based, will you accept Pay Pal, and what is your turn-around time? How will you communicate with your customers on the internet?

### C. **Self-Analysis**

In the first paragraph, describe yourself as if interviewing for a job (*if you have one, include a resume in your Appendix*). Describe any experience you have in “this field” of work; jobs you've had that relate or hands-on experience. What training have you had or will you pursue to make you better?

In the second paragraph, describe:

- your character traits (self-motivated, hard-worker, fiscally responsible, etc),
- your schooling (related classes, grades, extra-curricular activities),
- awards you've received, and
- leadership positions you've held.

If you have a partner or if you're going into business with a family member, provide the above information on them, too.

### D. **Analysis of the Business Opportunity, Customer and Location**

In the first paragraph, refer to and add details to the information in Section II–A. Start with describing your “geographic area” information, such as what cities, states, areas

you will be targeting. You may even provide a map. Then, provide demographic information about the city/area your business will be located in. Gather economic information from your local Chamber of Commerce or Economic Development Council. Describe the people that live in the area and will be your customers; their income, types of occupations, household numbers, etc. Is the area seeing economic growth or decline? Provide numbers to justify your conclusions.

Location. LOCATION. **LOCATION.** In the second paragraph, discuss the location of your business. You **MUST** answer these questions; Why are you locating in that spot? What are the traffic patterns? Where are you competitors located in relation to you? Describe ease of access, security concerns, visibility from the road, aesthetics of the building (what does it look like and does it fit your business image), and parking. If there are any negative answers to the above questions, you must be able to address these concerns and justify your reasons for overlooking the cons.

If you are locating on the internet, adjust the questions above to Browsers and Security measures. If you are providing a service that doesn't require customers to come to you, you need to discuss how you will get your product/service to them, and how they will **locate you**. Don't forget to discuss your competitors—direct or indirect.

E. **Proposed Organization**

The first paragraph is short. Tell what type of ownership will your business be held in; sole proprietorship, partnership, or a corporation? Then, tell the prospective lender you are providing an outline of the steps you plan to take to start your business—complete with deadlines. Include a table that is similar to this example.

**Steps to Form XYZ Company**

- |                                       |                         |
|---------------------------------------|-------------------------|
| 1. Prepare business plan              | (Deadline: October 15)  |
| 2. Seek funding from lender           | (Deadline: October 30)  |
| 3. Acquire business license from city | (Deadline: November 2)  |
| 4. Lease business space               | (Deadline: November 10) |
| 5. ETC                                |                         |

The second paragraph describes the personnel (employees) you will need to operate your business. Include the management skills you are looking for in each employee's position to be successful; organizational, financial, management, communication (verbal and written), customer-service, etc. If you aren't hiring employees, describe the skills you need to have to succeed. Include your strengths and describe how you will overcome your weaknesses in any of these areas.

III. **PROPOSED MARKETING/PROMOTION PLAN**

A. **Proposed Product or Service**

In Section II–B, you described your business. Now, you need to get into the nitty-gritty details. In this section, the first paragraph provides a “detailed list” of the product(s) or service(s) to be offered. This includes **brands, product lines, and details of all services** you'll provide, including extras like gift wrapping, delivery, warranties, etc.

In the second paragraph, provide a list of potential suppliers (who you'll order your products and inventory from). Include information on their location and their turn-around time (how quickly suppliers can deliver product to you). If you are making your own products, also include your manufacturing plans from start to finish, including a timeline for completion.

If you are purchasing equipment or fixtures for the operation of your business, detail this information in a third paragraph.

**B. Proposed Pricing Policy**

In the first paragraph, you need to know EXACTLY what your costs are for each product you sell. If you provide a service, figure how much money you need to make an hour. Once you figure your costs, determine what type of mark-up (dollar or percentage) you need to also cover the costs of overhead (utilities, phone, advertising, employees, taxes, lease and loan payments, etc), plus make a profit for yourself. Don't get into the rut of barely covering your expenses—YOU'RE IN BUSINESS TO MAKE MONEY!! Now, discuss the reasons for your pricing policy; is it cost-based, demand-based, or competition-based? Will you employ the psychological pricing techniques of prestige pricing, odd/even pricing, or discounting? Will you offer credit terms?

In the second paragraph, discuss your pricing policies in relationship to your competitors. What type of pricing policies do they use, and how does it affect your pricing decisions?

**C. Personal Promotion**

In the first paragraph, describe all promotions you will do that are face-to-face or DO NOT use the **mass media** (TV, Radio, Newspaper, Magazines, Catalogs, Direct Mail, Phone Directories, Billboards or Transit Signage). This may include business cards, brochures, trade shows, open houses, sales presentations, t-shirts, etc. Get pricing on all promotions you plan to do, and include them in this section.

In the second paragraph, discuss how to use your staff to promote the business; customer-service training, uniforms, etc. Finally, discuss your merchandising appeal; the aesthetics in the store, displays, and how to promote the "image" you want to portray to the customer.

**D. Nonpersonal Promotion**

In the first paragraph, describe all mass media promotions you'll use, including the costs. Describe how many people you plan to reach with each impression, and break-down your CPM (Cost per thousand exposure) for each advertisement. This will help you decide which promotions are most cost effective.

In the second paragraph, describe your initial promotion plan (what ads/promotions you'll place and when). You may want to display this in a graphic form.

In the third paragraph, describe how you'll appeal to your target market in your initial advertising/promotions campaign. Example; Wal-mart's theme of "Always Low Prices.")

E. **Place**

In this single paragraph, describe your channel of distribution from the supplier to the customer. You may also want to display this in chart form. Include methods of shipping, if required. Describe any alternative methods of distribution, including phone orders, catalog orders, internet, or consignment.

IV. PROPOSED FINANCING PLAN

A. **Projected Income/Cash Flow Statement**

\_\_\_\_ *You do not need to write anything in this section. It is in spreadsheet form (a template is provided for you by your instructor).* Create your projected cash-flow statement for the first year (12 months) of business, starting with the month of spending.

(Remember: Your doors may not open for several months following the payment of some start-up costs. That's okay.) You are not required to make money your first year of operation, but you must show that you are fiscally able to survive and pay your creditors.

Include all projected income and expenses (both COGS and Operating Expenses). The template provided is a guide only. DO NOT use the numbers provided, as they are in no means accurate. You may add or delete expense items as appropriate for your business.

B. **Projected Three-Year Plan**

*You do not need to write anything in this section either. It is in spreadsheet form (a template is provided for you by your instructor).* Create a simple 3-Year Plan. The easiest way to do this is to add somewhere between 10-30% increase in profit each year. Make sure you only adjust your variable expenses, and NOT your fixed expenses (i.e., your loan payments are fixed).

C. **Capital and Repayment Plan**

In this paragraph, tell **how much money** you plan to borrow, and for **how many years** (Is it short-term or long-term?) Using an Amortization calculator\*, determine your interest rate (call a local bank for SBA loan rates) and how much your monthly payment will be based on your loan amount and the length of time to repay it. Include this information here. It is a good idea to explain how much of your own money (or equity/collateral ) you will risk towards this business venture. It shows you are taking some risk as well, and it provides a safety net for the lender in case your business fails.

V. APPENDIX

This is optional. You may include pictures, your surveys, data from secondary sources, resumes, product samples, or advertisements/promotions.

\*<http://ray.met.fsu.edu/~bret/amortize.html>